



Portland General Electric Company
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204
portlandgeneral.com

December 19, 2023

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
PO Box 1088
Salem, OR 97308-1088

RE: UM XXXX - PGE's Application for Deferral of Costs Associated with the Washington Climate Change Act Carbon Compliance

Filing Center;

Pursuant to ORS 757.259, OAR 860-027-0030, and Commission Order No. 23-386, Portland General Electric Company (PGE) hereby requests authorization to defer for later rate-making treatment any potential costs associated with Washington Climate Change Act carbon compliance.

A Notice regarding the filing has been provided electronically to the parties on the UE 416 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503-464-7488 or email Stefan Cristea at stefan.cristea@pgn.com. Please direct all formal correspondence, questions, or requests to pge.opuc.filings@pgn.com.

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement

JF/dm
Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for a Deferral Related to Washington
Climate Commitment Act Carbon Compliance
Costs

**Application for Deferral of Costs Associated
with Washington Climate Commitment Act
Carbon Compliance**

Pursuant to ORS 757.259, OAR 860-027-0300, and Commission Order No. 23-386 issued in PGE’s 2024 general rate case (Docket No. UE 416),¹ Portland General Electric Company (PGE) hereby requests authorization to defer for later rate-making treatment the costs associated with Washington Climate Commitment Act (CCA) carbon compliance. Consistent with the terms of the Commission-approved third partial stipulation in PGE’s 2024 general rate case,² PGE requests this deferral begin effective January 1, 2024.

In support of this application PGE states:

1. PGE is a public utility in the state of Oregon and its rates, services and accounting practices are subject to the regulation of the Public Utility Commission of Oregon.
2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items for later incorporation in rates.

¹ See Docket No. UE 416, October 30, 2023, Order No. 23-386.

² Id.

3. Communications regarding this application should be addressed to:

Kim Burton
Associate General Counsel
Portland General Electric
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121 SW Salmon Street
Portland, OR 97204
Phone: 573.356.9688
E-mail: kim.burton@pgn.com

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric
1WTC 0306
121 SW Salmon Street
Portland, OR 97204
Phone: 503.464.7805
E-mail: pge.opuc.filings@pgn.com

In addition to the names and addresses above, the following is to receive notices and communications via the e-mail service list:

Jaki Ferchland
E-mail: Jacquelyn.Ferchland@pgn.com

I. OAR 860-027-0300(3) Requirements

The following is provided pursuant to OAR 860-027-0300(3).

A. Background

The state of Washington passed the Climate Commitment Act,³ which established a comprehensive, market-based cap-and-invest program⁴ aimed at reducing pollution and achieving the greenhouse gas (GHG) limits set in the state law.⁵ The Washington Department of Ecology finalized the cap-and-invest program (Washington Cap-and-Invest) regulations in October 2022 and the program was launched on January 1, 2023. Thus, entities that are covered under the program started incurring emission compliance obligations January 1, 2023.

The Washington Cap-and-Invest program sets a limit, or cap, on overall carbon emissions in the state of Washington and requires covered entities to obtain compliance instruments equal to their covered GHG emissions during a compliance period. These allowances can be obtained through quarterly

³ Available at: <https://ecology.wa.gov/Air-Climate/Climate-Commitment-Act>

⁴ Available at: <https://ecology.wa.gov/Air-Climate/Climate-Commitment-Act/Cap-and-invest>

⁵ Together with existing policies advancing clean energy and zero-emission vehicles, these new laws put Washington on a path toward achieving the greenhouse gas limits set in state law: 45% below 1990 levels by 2030, 70% below 1990 levels by 2040, and 95% below 1990 levels and net-zero carbon emissions by 2050.

auctions or bought and sold on a secondary market. The GHG cap will be reduced over time to ensure that the state of Washington achieves its decarbonization goals.

As an importer of energy into the state of Washington, PGE anticipates incurring covered emissions that will require PGE to procure compliance instruments (e.g., carbon allowances) under the Washington Cap-and-Invest program. PGE initially included the estimated Washington CCA carbon compliance cost in the 2024 Net Variable Power Cost forecast filed in Docket No. UE 416. However, Stipulating Parties in UE 416 agreed that PGE will remove the cost associated with Washington CCA carbon compliance from the 2024 NVPC forecast and that PGE will file for a deferral of actual carbon compliance costs to be incurred under the Washington CCA. The Stipulating Parties further agreed not to oppose this deferral request and that any amortization request will be made through Schedule 125. The stipulated agreement was adopted by the Commission through Order No. 23-386. Consequently, PGE is hereby filing this application seeking deferred accounting treatment for compliance costs associated with the Washington CCA.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e) and Commission Order No. 23-386, PGE seeks deferred accounting treatment for carbon compliance costs associated with the Washington CCA. The granting of this Application will match appropriately the costs borne by and benefits received by customers.

C. Proposed Accounting for Recording Amounts Deferred

For collection amounts, PGE proposes to record the deferred amount in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 232 (Accounts Payable). In the absence of deferral approval, PGE would record the expenses or revenues to the appropriate FERC accounts.

D. Estimate of Amounts to be Recorded Over the Next 12 Months

PGE does not have an estimate of amounts because Washington CCA carbon compliance costs can be impacted by numerous variable such as transaction volumes or Washington CCA carbon compliance prices and therefore it can vary significantly.

E. Notice

A copy of the notice of application for deferred accounting treatment and a list of persons served with the Notice are attached to the Application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving Notice of Application on the UE 416 Service List, PGE's last general rate case.

II. Summary of Filing Conditions

A. Earnings Review

There is no earnings review for this deferral since it would be amortized through Schedule 125, which is an automatic adjustment clause rate schedule.

B. Prudence Review

A prudence review should be performed at the time of deferral amortization.

C. Sharing Percentages

All prudently incurred cost and benefits will be collected/refunded from/to customers with no sharing mechanism.

D. Rate Spread / Rate Design

The deferred amounts will be spread based on an equal percent of generation revenue applied on a cents per kWh basis, as specified in Schedule 125.

E. Three Percent Test

The three percent test would not apply because any collections will automatically be included in PGE's 2025 net variable power cost forecast (as incorporated in PGE's prices).

III. Conclusion

For the reasons stated above, PGE requests permission to defer for the period between January 1, 2024 and December 31, 2024.

DATED this 19th day of December, 2023.

/s/ Jaki Ferchland

Jaki Ferchland,
Senior Manager, Revenue Requirement
121 SW Salmon St., 1WTC 0306
Portland, OR 97204
Telephone: 503.464.7488
E-Mail: jacquelyn.ferchland@pgn.com
PORTLAND GENERAL ELECTRIC COMPANY

Attachment A

Notice of Application for Deferral of Related to Washington Climate Commitment Act Carbon Compliance Costs

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM _____**

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for a Deferral Related to
Washington Climate Commitment Act Carbon
Compliance Costs

**Notice of Application for Deferral of
Costs Associated with the Washington
Climate Commitment Act Carbon
Compliance**

On December 19, 2023, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order authorizing Deferral of Costs Associated with the Washington Climate Commitment Act Carbon Compliance.

Approval of PGE's deferral application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Persons who wish to obtain a copy of PGE's application will be able to access it on the OPUC website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than January 20, 2024.

Dated: December 19, 2023

/s/ Jaki Ferchland

Jaki Ferchland,
Senior Manager, Revenue Requirement
121 SW Salmon St., 1WTC 0306
Portland, OR 97204
Telephone: 503.464.7488
E-Mail: jacquelyn.ferchland@pgn.com
PORTLAND GENERAL ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Application for Deferral of Costs Associated with the Washington Climate Commitment Act Carbon Compliance** to be served by electronic mail to those parties whose email addresses appear in the attached service list OPUC Docket No. UE 416.

Dated at Portland, Oregon, this 19th day of December, 2023

/s/ Jaki Ferchland

Jaki Ferchland,
Senior Manager, Revenue Requirement
121 SW Salmon St., 1WTC 0306
Portland, OR 97204
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